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THE CREDIT WORLD

The Official Organ of the
**RETAIL CREDIT MEN'S
NATIONAL ASSOCIATION**
Incorporated

WE can all enjoy a Merry Christmas if the finances of the individual as well as the nation are kept on an even keel. The best way to do this is by the intelligent granting of credit, which is the underlying principle of good business and prosperity, from which all other blessings flow.

*The Only Magazine in the World
Specializing in Retail Credits*

VOLUME XIV
NUMBER IV



DECEMBER
1925

A constant increase in membership makes our organization stronger, more effective—providing greater protection for the individual member.



The Incomparable Statement and Ledger System for the **RETAIL STORE**

THE New Remington Twin-Cylinder Statement and Ledger Posting Machine has been designed in response to an urgent demand by retail store executives and is built according to their specifications. Every feature of the machine is designed with special reference to the work to be done, and these results are attained in the swiftest, most efficient, most economical way.

This new machine furnishes all of the time and cost-saving superiority of the unit plan, for the statement is written and the ledger posted at one operation. At the same time it supplies exactly the kind of record that the retail store wants—a detailed statement in duplicate and an original condensed ledger—a dual result without the expense of a dual operation. The old carbon ledger, with all its super-

fluous details, is eliminated. Every computation and every proof required in combined statement writing and ledger posting is secured in the simple act of writing the entry—a triumph of time, labor, and cost saving. Ledgers are always balanced, total outstandings always shown, and statements always up-to-date and ready for prompt mailing.

From every point of view, whether of completeness, convenience, accuracy, or time and cost saving, this is the bookkeeping system for every retail store—and the best system for YOU. A demonstration will prove this beyond doubt or question.

We will be glad to give this demonstration on your own work, without obligation to you. Write or phone us, or our nearest branch office.

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THE CREDIT WORLD

Official Organ of the



RETAIL CREDIT MEN'S NATIONAL ASSOCIATION

Issued Monthly

DAVID J. WOODLOCK, *Editor*

Subscription: \$5.00 Per Year

Executive Offices, Equitable Building, St. Louis, Mo.

Entered as Second Class Matter, November 4, 1916, at Post Office at St. Louis, Mo., Under Act of March 3, 1879

EDITORIAL

Keep Your Feet on the Ground

WE have said that installment selling based upon sound credit principles—a thorough investigation as to the applicant's ability and intentions to pay and a knowledge of what is owing to others—is not bad business. In fact, it is a sales stimulant of great value to the retailer, but there surely is a grave economic menace in the over-development and careless extension of installment selling plans.

Department stores, who a few months ago began advertising and selling clothing on deferred or divided payments, are finding it hard to keep from extending the system to other departments. Customers cannot understand why they should not be able to purchase a hat, tie, shoes, underwear, hose and other items of wearing apparel on the same terms as a suit or coat and in some places retailers are including their entire stock in the plan and making no mention of thirty-day settlements.

Many have found that increased installment sales have tied up their capital in accounts receivable and financing and rediscount concerns are doing a big business. This may mean the eventual elimination of the small retailer and the practical control of the retail business by great financial organizations, or it may necessitate a "mark up" on merchandise to take care of the rediscount, which will give an opening for the cash store "who can sell for less."

One very interesting angle is that credit customers who had always paid their bills promptly are being educated to use the divided payment. *It is possible we*

are breaking down a credit morale it took years to build.

A clothing house in a large city made 8,000 installment sales within sixty days after advertising the "Budget Plan." Two thousand of them were to persons who had satisfactory open accounts. Of the remaining 6,000, thirty-five per cent had open accounts with other firms and were paying promptly, twenty per cent were rated as slow pay and forty-five per cent had no credit record.

A woman's specialty house in a small Indiana city, in one day following a "Budget" advertisement, sold sixty-seven dresses, when the largest previous sale had been fourteen. Twenty-two of the sales were to persons who already had satisfactory charge accounts.

Although the so-called "Budget" or Divided Payment Plan for selling clothing and other perishable merchandise has not been in operation a year it has already developed a desire on the part of dealers to compete even on these special terms and this is exactly what we feared when the plan was announced. The "Ten Weekly Payment" idea, if strictly enforced, is sound, but when competing retailers, in an effort to secure trade, outbid each other on terms, something will happen.

Let's keep our feet on the ground and our heads cool! Don't let the lure of volume get the better of our judgment. Business is good, employment general, wages high. Forced selling, like a forced hot-house plant, will wither quickly if the frost of business depression should come.

David J. Woodlock

The Secretary's Page

Low Rates for Los Angeles Convention

All railroads have assured us of a very low "Summer Tourist Rate" to our National Convention in Los Angeles, August 11-12-13-14, 1926. Members can combine their vacation with the Convention and have the time of their lives. In addition to the educational features of the meeting and the entertainment and hospitality of the credit men and women of Los Angeles, you have the opportunity of visiting Denver, Pikes Peak, Salt Lake City, San Francisco, Hollywood, Portland, Tacoma, Seattle, Spokane and Butte and to enjoy the scenic grandeur of the West, America's Wonderland: Rocky Mountain National Park, Rainier National Park, Glacier National Park and Yellowstone National Park—all places every American should see.

Plan now to combine your vacation with the Convention so you can take advantage of the special rates and have time to stop over and visit all these places.

Many of our large Local Associations are making up parties so as to obtain special cars and trains and travel in groups. Full details of these arrangements will be announced later.

McIntyre & Haynes, the Winners

"McIntyre and Haynes" sounds like a Vaudeville Team, but they are not. Still they are a team—"a team of winners," as both qualified for the Trophy offered by Vice President Heller.

Captain Haynes' letter enclosing 14 members was received at the same time that a wire was received from E. E. McIntyre sending in 40 applications.

These two men are widely separated. Captain Haynes is in New Britain, Connecticut and Mr. McIntyre is in Missoula, Montana. Due to the fact that the letter and wire were received at about the same time, Vice President Heller decided to present each with a trophy.

Columbus

On November 18, the Retail Credit Association of Columbus, Ohio, held a big meeting. Two hundred attended and plans were discussed for developing the organization and increasing its membership. D. J. Woodlock, Managing Director of the National Association, was the speaker. Arrangements for the meeting were made by Trent D. Sickles, Secretary, Associated Retailers of Columbus.

GREETINGS

The hours of the old year are numbered, the candle burns low and, in its lingering light, our thoughts are of things that money cannot buy—your friendship and good will.

For, in all the world, there is nothing greater than friendship in business, nothing better than a friend to rejoice with you in prosperity, and to stand by you in adversity; nothing finer than the friend who is for you when you are right and refuses to desert you when you are wrong.

And as the Christmas season comes again, we wish our old friends—and the new—and all those whose friendship we would deserve, unmeasured happiness with the hope that through all the highways and byways of the New Year, you may find success at every turn.

D. J. WOODLOCK,
Managing Director.

An Extremely Important Decision

The common law rule holding conditional sales valid as to third parties without filing or recording is held to be restored and made effective by virtue of section 20 and section 23 of the Uniform State Sales Act of Illinois.—*Sherer-Gillett Co. v. Long*.—Illinois Supreme Court.

This case has the effect of setting aside the rule stated in *Gilbert v. National Cash Register Co.*, 176 Ill. 288, which held conditional sales non-effective as to third parties.

This ruling has encouraged some of the leading retail furniture houses in our membership within the last few days to drop the use of the usual chattel mortgage form with its incidental recording costs and turn to the use of the conditional sales contract.

Our Tracing Service

We are all puffed up over the success of our Tracing Department. Several years ago we published a list of "Addresses Wanted" in the *Credit World*. It grew to such an extent we were forced to issue an "Address Wanted" supplement and then we found this contained too many names to expect the individual credit man to check with his records, so we installed a Tracing Department as a feature of our Service Division under the supervision of Mr. J. R. Truesdale.

In order to render efficient service it is necessary to make a service charge of ten cents for every name reported and a fee of \$1.50 for every bona fide address furnished. Every known system for locating missing persons was installed in our National Headquarters at considerable cost for equipment and upkeep. Thousands of tracers are sent out daily. The postage bill alone is an enormous sum, but results have rewarded our efforts and hundreds of letters telling of accounts collected through our Tracing Department bear testimony to the fact this is a real service.

Of course, we cannot locate all missing debtors and when we do locate them we cannot guarantee collection, but when four of Chicago's most representative retailers tell us they have collected \$1,646.00 from persons located and six Cleveland firms report collections of \$1,019.00, and New York, Washington, Boston, Detroit and other places follow with similar experiences, we feel we have provided a long felt want, a central bureau for tracing purposes.

Send the names of your skips with all information you have to the National Office with a service charge of 10c for each name and we are sure you will be satisfied with the results.

Tri-State Convention of Retail Credit Men

The Tri-State Convention consisting of Retail Credit Men of Michigan, Ohio, and Indiana, is scheduled this year for Detroit with headquarters at Hotel Statler. The date has been set for Monday and Tuesday, February 8-9, 1926. Mr. Elmer B. Schick, Crowley Milner Company, is General Chairman and his work is already started to bring to Detroit at that time the greatest number of Retail Credit Men that have ever been in convention outside of the National Convention.

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Warning

Recently there have appeared a number of advertisements of Collection concerns who are using the words Credit and National in their names and so wording their advertisements as to make it appear they were affiliated with our organization.

Merchants are warned to not confuse these fly-by-night book-selling, mercenary private concerns with the Retail Credit Men's National Association, a mutual organization of retailers organized for but one purpose: The development of the retail credit trade upon safe and sane economic lines. We do not employ organizers and our official representatives can always furnish credentials bearing our seal.

Seek to Amend Iowa Exemption and Garnishment Laws

For several years various organizations in Iowa have attempted to change the exemption and garnishment laws in that state so as to give the retail merchants more protection, but were always blocked by the Legislature. The Retail Credit Men of Iowa now propose to take the lead in this work and Managing Director Woodlock of the Retail Credit Men's National Association has assured them of the support of the National body. A committee of which Mr. W. C. Slotsky of Sioux City is Chairman, is working out the details.

Imperial Valley, California

Mr. J. G. Cadman of the Imperial Valley Hardware Company, is the father of a movement to organize a Merchant-Owned Bureau and Association in Imperial Valley, California. Through his efforts an organization of 135 members will become affiliated with the National as a unit on January 1st. We congratulate Mr. Cadman and feel sure the retailers of his community will thank him when they have the benefits of credit co-operation.

"A Warning From Minneapolis"

"Sometime last fall Mr. Ted Jones of this City, lost or had stolen his 1924 club membership card to the Minneapolis Athletic Club. Someone has evidently been using this card as a means of identification in connection with cashing checks, securing merchandise, etc. We know of one case where this party put this card to this use in Chicago. Another case was brought to our attention within the past few days of Lebolt & Co., New York City, accepting his check for merchandise."

He has again been operating in Minneapolis within the last few days and is described as follows: About 35 to 38 years of age, 5 ft. 7 in. tall, 150 lbs., light complexioned.

New Britain, Connecticut, Joins National

Captain H. F. Haynes, manager of the New Britain (Conn.) Credit Rating Bureau has organized a Local in his city and starts off with fifteen National members. Since Captain Haynes has been in charge of the New Britain Bureau he has sold his merchants the idea of co-operation both locally and nationally and we predict his city will soon become one of the strong links in our National Chain.

Death of President Watson's Mother

We extend our sincere condolence to President R. W. Watson because of the death of his mother, Mrs. Jennie W. Shoemaker of Eugene, Oregon, on November 21st.

Mrs. Shoemaker went to Oregon when she was three years old, with her father (who was a Minister of the United Presbyterian Church), and had lived there ever since. For several years, before her marriage, Mrs. Shoemaker taught the Indian School in Eastern Oregon. She had been ill for about a year.

The Emporium 100%

The Emporium of San Francisco, is an outstanding example of a great, successful Department Store and its faith in the Retail Credit Men's National Association. They carry sixteen memberships in our organization including all their Divisional Credit Managers and assistants. Mr. M Hart Dasteel, the Chief of the Emporium Credit Department writes; "My personal opinion is that regardless of what direct benefit an individual may receive from the National Association, it is the backbone of the Retail Credit Men of this country from which they indirectly benefit."

Glendale, California

Mr. W. Hobbs Fernie, the Manager of the Glendale Merchants Association, predicts an increase of 100% in Southern California. Mr. Fernie was selected as Membership Chairman for Southern California because of his aggressiveness and the fact that he had increased the membership in his own city from 81 to 280 in less than a year.

Fernie is strong for the education of the individual and the merchant on the importance of credit and the necessity of safeguarding it.

Hats Off to Sioux City!

The National Office has received a telegram from Mr. W. C. Slotsky, Manager of the Associated Retailers of Sioux City, Iowa, reading "You can tell the world Sioux City is now 100% National."

This means every subscriber to the Retailers Credit Bureau in Sioux City is a National member. Three hundred and fifty merchants realize the value of a National organization and will support us as a solid unit.

What an inspiration! Sioux City, a city of eighty thousand has certainly shown its retailers to be far in advance of many cities of greater population.

We welcome Sioux City to our ranks as a 100% Local to take its place beside St. Louis, Cleveland, Washington, New Orleans, Memphis, New York and other great cities where by co-operation, credit losses have been reduced to a minimum.

New Orleans Shows Big Increase

The Associated Retail Credit Men of New Orleans enrolled fifty new members during November. This Local has shown a steady increase for the past six months due largely to the efforts of Mr. Gabe Hausman, the jeweler, and Mr. Frank Miller, Manager of the Reporting Bureau.

Co-Operation Personified!

On the 29th of October an elderly woman, aged 60 years and by name of Mary Clark, passed several checks on local banks.

This information was bulletined to more than 550 cities of the United States by our Service Division of the National Association. The Credit Bureau of South Bend, Ind., managed by Miss Van Wert, telegraphed a few days ago stating they believed they had our woman, arrested on suspicion. Pictures arrived and she was identified by three people.

Again we were given wonderful support when \$175 was given the Manager of your Credit Exchange as advance expenses to have her brought back for trial!

It is indeed a real pleasure to be overworked when you are given this kind of support.

Surely you should be a National member with such an organization and it only costs you \$5 per year—less than a postage stamp a day.

Why don't you ask Hays for an application blank and become a member of an Association that covers every city in the United States—but gentlemen, it not only covers. *It Works!*

Think it over.

—From *The Harrisburg (Pa.) Bulletin*.

Resolutions Adopted by the Mid-West Conference of Retail Credit Men—Omaha, Nov. 10, 1925

Number One

WHEREAS there is still a tendency on the part of some credit grantors to use the direct inquiry and that whereas the direct inquiry when answered is an injustice to the Credit Bureau and that

WHEREAS the person making the direct inquiry is unwittingly curtailing his fund of information on the applicant, therefore

BE IT RESOLVED that we in conference assembled most earnestly recommend to all credit grantors the discontinuance of the direct inquiry, at the same time assuring them of our wholehearted support through the channels of the local bureau and

BE IT RESOLVED that we will assist and make it possible for the Bureau to serve its subscribers as quickly as said subscriber could be served by direct inquiry.

Number Two

THAT WHEREAS there is a decided tendency to expand business by the introduction of some plan of extending terms on easy payments and that

WHEREAS there seems to be in such a plan, a large temptation to induce overbuying on the part of the small wage earner or small salaried person by postponing to some distant date the settlement of an obligation so contracted and

WHEREAS it is the desire and province of every credit grantor to assist as far as possible in keeping economic conditions sound and thereby increasing general prosperity, therefore

BE IT RESOLVED, we as credit grantors commend the selling of such merchandise as is known as necessities and possessing material value on the deferred payment plan where care is exercised to see that the applicant is not overloaded with monthly payments and that such sales be considered sound business and

BE IT FURTHER RESOLVED that it is the sense of the convention that a reasonable cash payment at time of purchase should be required and that

BE IT FURTHER RESOLVED that we condemn the practice of competition in terms rather than competition in merchandise tending to decrease the high standards of credits.

Another Trophy— Another Chance to Win!

THERE was a generous response in the Trophy Contest, which was won by E. E. McIntyre of Missoula, Montana and Captain H. F. Haynes of New Britain, Conn.

Vice President Heller again offers a Trophy to the member who will send in the greatest number of paid-for members by February 1st, 1926.

This trophy will be worth winning. The rules governing the contest are as follows:

1. The winner must send in *ten or more* applications and the membership fee must accompany each application
2. All applications must be mailed to the National Office on or before 12 o'clock midnight of January 31st, 1926.
3. The postmark on the envelope will be the sole evidence of time of mailing.

We are out for 8,000 new members and we are going strong.

Individual members, Secretaries and Managers of Bureaus, Directors and State Chairmen: Get into this contest and make it a hot fight—but friendly.

*Let us see what can be done by THE DOERS
of the National Association*

Retail Credit Men's National Assn.

Equitable Building

Saint Louis



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THE CREDIT WORLD

December, 1925



"Answering Yours of Recent Date"

By Alta Gwinn Saunders

Instructor of Business English, University of Illinois

Address before the Illinois Retail Bureau Secretaries Conference, Champaign, Ill.

One of the pastimes of educational psychology seems to be to give students a word and to ask them to name what it immediately suggests to them. Employing the words "business letter writing" in this way at a gathering of academic and professional men, one should receive such reactions as the following:

Yours of the 10th inst. received and contents duly noted

In reply would state

Enclosed herewith

According to our records

Meet your approval

Of the above date

Awaiting your further commands

Your valued order

As per your communication

and all the rest of the hackneyed and ready-to-use phrases which constitute the jargon of business correspondence.

Or this same group, might record their reactions to business letters as:

Wordiness

Telegraphic style and bad grammar

Ornate and pretentious diction

Displeasing personality

Credit men's associations probably

pride themselves on the fact that their correspondence is free from all such faults, "canned" words in particular. But if you will turn through some of the letters you will find such familiar acquaintances as:

You no doubt

Referring to yours of even date

Beg to say

We assure you

As per your request

Will you favor us

Reciprocate the favor

I acknowledge yours of the 29th in reference to

I certainly will take advantage of the same

Pardon my delay in answering your inquiry of the 19th

Trusting that one or both of these parties will serve you to your satisfaction

Enclosed herewith is an envelope

Long past due

Replying to yours of the 13th inst. would state that

Would be pleased to be advised whether

If business men talked as they write—

A: "I was pleased to learn, in conversation with you that you are contemplating attending the ball game this P. M. Beg to inquire whether you have purchased tickets for same"

B: "Your favor of the eighth to hand and contents noted. Beg to advise I have not, as yet, obtained tickets, but hope to secure same immediately. Thanking you for the friendly interest manifested in your inquiry, I beg to remain."

Anticipating an answer from you The list could easily be extended, but this list is large enough to account for what would be the reactions were academic and professional men to be psycho-analyzed.

We have said much to condemn business jargon. Perhaps something should be said about the reason why it should be condemned, for it does have a deleterious effect upon the reader. Hackneyed phrases make a customer feel that he is being treated as a crowd, instead of as individual. They suggest that the person who writes the letter is indifferent and listless toward his reader and 1993—C. W.—Lewis on No. 5 his reader's requests. They are not a product of the writer's own mind; hence, they do not reflect his personality nor create a pleasing personality for his letters. They waste the time of the person who dictates a letter, of the person who has taken the dictation, and of the person who reads a letter.

The remedy for trite diction lies in its cause. Correspondents have the

habit of beginning to dictate before they begin to think in a concentrated way of the purpose they wish to accomplish and of what message is vital to the accomplishment of their purpose. In the second place, correspondents have a feeling that they have established themselves as experienced business men as soon as they can use the jargon of business men. Many of them, moreover, lack the courage to express themselves in any except time-worn phrases, certainly not in language which is a product of their own self and feeling, nor even that of the firms they represent.

A man, then, will not write spontaneously and sincerely until he becomes so absorbed in accomplishing the purpose of his letter that he loses all thought of himself,—until his imagination makes his reader very real to him.

So many sermons have been preached upon hackneyed phrases that a longer sermon seems unnecessary. A poem, however, which Mr. Sherman Perry quoted in a letter bulletin of the American Rolling Mill Company is a fitting close for the discussion.

Correspondence

"Your favor received and contents noted We beg attention to prices quoted."

Why do we write such bromidic bunk, Such obsequious twaddle, lacking in spunk?

Why talk about "favors" when there are not any?

Why say that you "beg" when you don't beg a penny?

Surely it's better to write as you'd speak, With words that are virile, not moss-grown and weak!

Forget when you dictate, you're writing a letter,

Talk man-to-man, you'll find that it's better.

Imagine the other chap sitting right there—

Close by your desk in your visitor's chair.

And first thing you know, after a while, He'll forget old stuff and write in your style,

Finding you're human, he'll be inclined, too

To see that his business keeps going to you.

The utter absurdity of business jargon is best illustrated when it is used in connection with other subject matter than business. The following quoted from the LaSalle Extension University Correspondence Manual is an excerpt from a conversation about a ball game "done" in business jargon.

Usual conversation:

(a) "Going to the game today, eh? Got tickets?"

(b) "No."

(a) "Jones going?"

(b) "No."

Business jargon:

(a) "I was pleased to learn, in conversation with you yesterday, that you are contemplating attending the ball game this P. M. Beg to inquire whether you have purchased tickets for same."

(b) "Your favor of the eighth to hand and contents noted. Beg to advise that I have not, as yet, obtained tickets, but hope to secure same immediately. Thanking you for the friendly interest manifested in your inquiry, I beg to remain."

(b) "Beg to inquire whether Jones, of Jones, Larkin & Company, will accompany you," etc.

Wordiness is a direct result of the use of hackneyed phrases. To overcome it, correspondents are admonished to cultivate conciseness, which advice leads to a consideration of its meaning. Conciseness in letters has been defined as "enough to accomplish the purpose of the letter." It is to be contrasted with brevity on the one hand, which is less than enough to accomplish a given purpose and with completeness on the other hand, which has reference to substance. It is more exact, however, to apply completeness to the inclusion of details and conciseness to the compact manner in which something is said.

The importance of conciseness is that it conserves the time of the dictator, the stenographer, the transcriber, and the reader. It not only saves the time of all three, but the efforts of all three and hence the money of the firm responsible for a given letter. A penny isn't much, but we have the authority of B. F. Goodrich Rubber Company that by eliminating on an average ten words from each letter sent out from their firm, they were able to cut down the cost of correspondence \$2,000 a month. If we consider that for the average firm every ten words costs a cent, the saving to a firm, such as the Guaranty Company of New York, the

volume of whose correspondence is over 4,000,000 letters a year, would be considerable.

The means of attaining conciseness are analogous to those of getting rid of hackneyed phrases. Revision and re-writing will also train a correspondent to cut down the number of words in letters.

In attaining conciseness, however, a correspondent should not leave out such words as "we," "the," "a," etc., nor greetings and complimentary closes. (An insurance company in New York prints in its letterhead "unnecessary terms of politeness as well as assurances of self-evident esteem are omitted from our letters.") Conciseness does not mean referring a reader to a former letter instead of repeating necessary information. It does not mean that we should be curt, nor that we should take for granted that a reader can read between the lines. Conciseness means boiling-down, but not the omission of essentials. It means an economy of the reader's effort in getting the thought, rather than of the writer's in giving it to him.

As an example of one method of securing conciseness, the following letter is quoted. Twenty-one words have been eliminated without interfering with its effectiveness. The words italicized may well be omitted.

Dear Sir:

J. E. Blank Co. of this city advised us *today that* a check for \$10.00 drawn on the First National Bank, *and signed by you, was returned to them by the bank as "dishonored."*

We *wish to* call your attention to the fact *that* to have a check returned to any of your creditors "dishonored" operates precisely the same as though you *were to* repudiate the payment of the account *with them*. Should you allow *the same*, (it) to remain "dishonored," that fact would become a part of your permanent credit record in this office, which office is controlled and used exclusively by the merchants of this city and vicinity in granting credit. This, *as you will readily see, operates for your discredit.*

With these facts in mind, we are sure that you will, no doubt, make this check good at once, either by taking it up with this office or with those to whom you made the check payable.

Yours very truly,
CREDIT RATING BUREAU.

Ass't Mgr.

The consistent following of such a method of attaining conciseness would help to solve one of the main problems

of business correspondence, reducing costs without reducing effectiveness.

Telegraphic style is a natural reaction of business men against wordiness. It is evident wherever subjects, salutations, complimentary close, articles, the words "this," "that," and "the same" are used. It is observed where antecedents necessary for clearness are omitted. In the letters which I am considering, I find such instances of telegraphic style as:

In the interest of our membership and our cause, have often wished Have had a hard time with the bureau Received with greatest pleasure Will ask you to do this Note what you say Suggest that Am sure going to try

The chief objection to the telegraphic style is that it says "I am too busy with my business to consider your business or to look after your wants."

The academic and professional man objects to ornate and pretentious diction in business correspondence. The following letter is an extreme illustration of "sesquipedalianism," the term used by Samuel Johnson to designate big words:

Dear Sirs:

On the 23rd of May, as well as the 9th day of July, I wrote you in an effort to have you return to me a balance due on my order of the tenth of May.

So far your silence has been both monotonous and abstruse.

Your reticence, in my humble opinion, regardless of the consequence of same, if continued, will brand you as a bunch of ignominious, fallacious, and surreptitious sharpers, with a deficiency of conscience corroborated by a serious lack of scrupulosity.

If this vitiated additament, of a diminutive financial nature, is essential for the well-being of some individual or thing, we are willing that it serve as alms, but we cannot imagine a commercial house of your apparent financial exuberance in such a precarious predicament, etc.

The same effect of fine writing is produced, however, wherever the diction is inappropriate for the product, the subject matter, the person addressed, or the occasion.

In the letters before us, there are few instances of fine writing. However, such words as "apprehend," in the sentence "We have done this in a small way on a few occasions which resulted in apprehending an ultimate prosecution"; "commensurate" in the phrase, "commensurate with your ability to pay"; "amicably" in the phrase, "ar-

(Continued on page 24)

Confessions of an Automobilst

By William Ashdown

Reprinted from Atlantic Monthly because it contains a message that credit men may well ponder

I am a small-town banker, and I am expected to act the part, living well, dressing well, and patronizing all our local affairs, as a banker should.

As a dispenser of credit, I have many opportunities to study human nature and to observe how men get ahead and how they fall behind. I believe my bank has handled more automobile propositions than any bank of its size in the country. We have made a specialty of loans on automobiles and have watched the agencies as they have grown from nothing to substantial business-concerns. In this connection we have acquired a large amount of experience, suffered no losses, and learned not a little of the weaknesses of human nature as reflected in the automobile.

I am not a "tightwad." I am careful and I am thrifty—at least I was until I became a motorist. I am not a good spender. I have always worked for my money and I part with it only for value received. I have always saved part of my earnings, from habit rather than from necessity. I have never earned "big money," but I have always had enough. I have never celebrated a stroke of good fortune more riotously than by buying a new suit of clothes and a necktie. But several years ago, when I was getting into my stride, I was told by my friends that I had arrived; and I wanted to believe them. Perhaps the moment had come to paraphrase General Pershing and tell the world "Ashdown's here!" How could I tell it more effectively than by the purchase of a car?

At that time the automobile had not yet become a popular fad. The street-car was still the common method of local conveyance and the railroad still the common medium of long-distance transportation. There were no finance companies especially equipped to handle time-payments on cars. The banks were highly skeptical of the automobile as a credit-risk, and the man who borrowed in order to buy a car was looked upon as dangerous. Even the humble Ford had to be sold, instead of selling itself as it now does. The dealers were inexperienced and without adequate resources. A car was considered distinctly a luxury, not, as at present, a rudimentary necessity.

After a severe battle with my thrifty conscience, I persuaded myself that I could afford a car. Absolutely ignorant of cars and car values, I finally decided upon a modest secondhand machine, of a make that was neither standard nor

"The paramount ambition of the average man a few years ago was to own a home and have a bank-account. The ambition of the same man today is to own a car."

"There is a class of individuals who look upon the car not only as a necessity in their life, but as a smoke-screen to hide their real position. As long as they drive a motor, they feel that their creditor's will be satisfied to wait."

—William Ashdown

popular. The price represented about one-tenth of my yearly income, and I had never before spent half so much on a luxury. Theretofore my greatest single extravagance had been a bicycle, which, while bearing at the time about the same relation in cost to my earnings, carried with it no upkeep or heavy depreciation, no social obligations or incidental expenditures; its first cost was its last.

It is a rigid rule with me not to buy what I cannot pay for, and whenever I drive a new car out of the salesroom it has no lien upon it; but it was not without trepidation that I drew my check in payment for that first automobile. Being a "used" car, there were many trifles about this one that needed attention, and several accessories that added to the appearance. I was particular about appearances, wanted as much for my money as possible, and the first cost was decidedly not the last. I had carefully estimated the probable charge of maintenance and upkeep. Gas and oil would average so much a week and the garage in our simple community only five dollars a month. I could

afford that tax upon my income without distress. My conscience was clear—or, rather, it was becoming hardened.

I had not gone half a mile on my initial trip when a tire blew out, and with it went also some of my preconceived ideas about automobile expenses. Not having a mechanical turn of mind, and being wholly without a working-knowledge of a car, I had to fall back upon my garage-man every time anything went wrong, and that was very often. But having bought the car I had to use it, whatever the effect upon my bank account.

Then, too, I was a green driver. Skidding had not become a popular sport; car-insurance was in its infancy, and rates were high; but by the time I had turned around twice on the avenue and landed on the sidewalk, none the worse for the double turn, I had learned the danger of wet pavements and the value of protection. As a sensible precaution I purchased a set of chains. But I put them on wrong one wet morning and the significance of this was about one hundred dollars; for while the wheels were revolving at the legal rate of speed per hour one of those chains came off, wound itself around the rear axle, and tore out the housing.

At first I carefully set down all expenses connected with my car. I was curious to see if my budget was working out, but the figures mounted up so fast that I dared not look the facts in the face and so closed my books. Ignorance is bliss and bliss is expensive.

Having a quick method of locomotion, it was easy to run out into the country of a Sunday for dinner, or of an evening for a drive and a "bite." Then, too, my friends expected me to do the honors, as chauffeur and host, and this added to the mounting costs. But I had started something that I could not stop gracefully or consistently. My thrift habits were steadily giving way to spendthrift habits.

After eight years of experience I find that the psychological processes of car-owners are much alike. First you want a car; then you conclude to buy it. Once bought, you must keep it running, for cars are useless standing in a garage. Therefore you spend and keep on spending, be the consequences what they may. You have only one alternative—to sell out; and this pride forbids.

II

My first experience with a car taught me these truths: A used car is a risky investment unless its history and previous ownership be fully known. Some cars are given the best of care, others are grossly abused. Usually the best has been taken out of the machine and the new owner faces the problem of keeping a worn article in condition. A cheap new car is a better hazard than an expensive used one. Unless the owner is handy with tools, and something of a mechanic, he will be a frequent visitor to the repair shop, and this is always expensive. No matter how carefully the upkeep and incidental costs may be estimated, they will always exceed the theoretical figures. And if, in the effort to economize, the owner dispenses with insurance, he jeopardizes his principal every time he takes his car out of the garage.

The result upon the individual is to break down his sense of values. Whether he will or no, he must spend money at every turn. Having succumbed to the lure of the car, he is quite helpless thereafter. If a new device will make his automobile run smoother or look better, he attaches that device. If a new polish will make it shine brighter, he buys that polish. If a new idea will give more mileage, or remove carbon, he adopts that new idea. These little costs quickly mount up and in many instances represent the margin of safety between income and outgo. The overplus in the pay-envelope, instead of going into the bank as a reserve-fund, goes into automobile expense. Many families live on the brink of danger all the time. They are car-poor. Saving is impossible. The joy of security in the future is sacrificed for the pleasure of the moment. And with the pleasure of the moment is mingled the constant anxiety entailed by living beyond one's means.

Here is an example that came under my observation. A bank clerk, earning about one hundred and fifty dollars a month, married, and bought a house with a trifling amount down and the balance in monthly payments. A baby came. He then argued himself into believing that the wife and baby "needed the air," although they live in the country. He found a secondhand car for \$125. It cost him only twenty-five dollars down and he gave notes for the balance. But no sooner was the car delivered than he realized that he had made a mistake. He acted energetically, sold the car at a profit, and then bought a new one, paying all he had received for the old car on the new, but still owing on the notes. As a matter of fact he approached me for a loan of twenty-five dollars to pay down on the

(Continued on page 14)



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The Price of Credit Reports

By J. Ernest Wolfe

President and Manager, Miami Credit Agency, Miami, Florida

This is a plea for higher prices for credit reports, yet if it be granted I shall not profit personally nor will the merchants of my city gain or lose in a pecuniary way because I purchase more reports from other exchanges than I sell, therefore, consider this as a statement by a person who is disinterested from the financial point of view.

The price of credit reports is a subject of great importance to every credit man. It is important because it determines quality.

Probably three-fourths of the expense of every credit exchange is paid for salaries. The amount of salary paid very frequently determines the type of man or woman who does the work and capacity, ability and loyalty determine the quality of reports you receive.

While there are a number of conspicuous exceptions, as a whole salaries paid in the credit reporting field are relatively low.

Likewise profits to owners of agencies are low. To demonstrate this I will tell of a few incidents that have come within my own experience.

The man who started the Miami Credit Agency and operated it for about eighteen months, sold the business for no other reason than that he knew he could earn more money in another line of activity.

A former superintendent of Bradstreet's, who was with that organization for seventeen years and who is a close observer of credit reporting organizations, has advised the writer that there are many other fields wherein the same ability would bring greater financial rewards.

As I look back over my own experience of three and one-half years I can see where I have experimented every few months with a set of prices and then have been forced to again raise them, each time hoping that I had reached the point where I could give good service and secure a moderate return and then to learn that good service required a higher price and that I must repeat the experiment again.

Now let us consider the matter from the employee's point of view. Three different department heads whom I have regarded as very satisfactory workers have at various times resigned and each one for the same reason. Realizing that we were paying as high salaries as we were permitted under existing conditions

they saw greater opportunities in other occupations. I have talked with many former credit reporters who had left similar positions and for the same reason.

The credit reporting field should be one in which men are contented to remain, where there is an adequate return for long and faithful service. The qualities required to produce good reporters are numerous and possessors of all of them are rare. Those who prepare reports should have a knowledge of business conditions, human nature, a smattering of law; they should be absolutely reliable, resourceful and have skill in the presentation of facts. The possession of such qualities should entitle a man or woman to a good salary.

Having established the case that those engaged in reporting deserve a higher salary, let us view the matter from the angle of the person receiving the report.

Generally speaking, a person gets what he pays for. This is particularly true of credit reporting. Credit exchanges rarely have cash surpluses, consequently they can spend no more than they receive. The quality of the reports they produce is determined by what they spend.

If a credit man is considering the extension of credit of \$500 it would seem that it would be good policy to pay \$1.00, \$1.25 or even as much as \$2 for a credit report which would accurately reveal the ability of the applicant to pay, his willingness to pay and his legal responsibility, and that it would be far better to pay these prices than 50c or 65c and have an incomplete or misleading report. The difference of a few cents may mean the difference between accuracy and inaccuracy.

Just this very day I had an illuminating experience. A young man who works for a local lawyer and has charge of this lawyer's commercial department, was in our office seeking some file information. I said to him: "How do you prepare your reports when we have not the information in file?" I give you the substance of his remarks without the slightest exaggeration. "When you have no information I pass by the store, look at the place and from that I estimate the amount of stock. The other questions I answer out of my imagination. We cannot afford to do any more than that for the price we receive, 50c."

This is the procedure of a firm that handles nearly 3,000 credit reports a year. Such a report is worse than no report because the recipient is under the impression that he has something and if he did not have it he would know he was only guessing.

The reader may say: "This is all very true but it is beyond my control to affect the prices in any city other than my own." In answer I would state that the Credit Service Exchange Division of the Retail Credit Men's National Association has grown to be a potent influence in the credit world. It has its effect on every exchange in the country. The best way to secure a raise in price throughout the country would be to increase the price of the Official Prepaid Inquiry Ticket. When I changed my method of charging from that of a flat rate to a metered service I reasoned along these lines. If the credit men of the country have agreed that 60c is a sufficient price it must be a fair one for my organization. Members of the Retail Credit Men's National Association are men of wide experience and are undoubtedly fair. Probably exchange managers throughout the United States have and are reasoning along the same lines. Actually those who have had auditors prepare a record of costs know that a standard report costs in every community more than 60c.

To raise the price of the Official Prepaid Inquiry Ticket would insure better reports from exchanges other than your own and it would inspire exchange managers throughout the country to raise their own prices to a point where they could produce a standard report.

I am not suggesting an unfair price, one that merchants will not willingly pay when the facts are pointed out to them, for the prices now prevailing in Miami are one dollar each for a report in which there is no interview of the subject and two dollars a report where the subject of the report is interviewed, and let me assure you that we operate this business on a relatively low margin of profit.

With this increase in price there should come a demand that the quality of the reports be improved. That is the aim of the entire article. We need a higher quality of report in order to prevent credit losses. I suggest an increase in price because without that greater service cannot be rendered.

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Gilchrist Company	- - -	Boston, Mass.
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The Shephard Company	- - -	Providence, R. I.
Crowley, Milner & Company	- - -	Detroit, Mich.
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The Rike-Kumler Company	- - -	Dayton, Ohio
Forbes and Wallace	- - -	Springfield, Mass.
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More and more stores are changing each year to this better way of handling charge sales.

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Confessions of an Automobilist

(Continued from page 10)

old car. I refused, but somehow he raised the money. Then he had three debts to meet: one on the house, one on the old car, and one on the new. Besides, he had borrowed from a friend in order to buy the house.

Practically every cent of this man's income is pledged before he receives it. Whereas he was fairly comfortable before he got the car, now he is constantly running behind. What he pays on the house is lost on the car. What he might have saved, he must spend. As his anxieties increased, he became so irritable that he lost his job. The air is costing him dear.

The old car had taught me some expensive lessons, but I decided that I needed a better car. A new one, I argued, would not require any repairs for a long time. Although the spending of one-tenth of my yearly income on the old car was a severe shock to my conscience, I found no difficulty in consenting to spend a quarter's salary on a new one. I had surrendered completely to the automobile. I did not look the part in the old car; I hoped to in the new. I felt cheap, driving a cheap car; I should feel like a millionaire in a new and expensive one. My friends would be glad to know that I had succeeded and my enemies would have to admit that their appraisal of me had been wrong. I would show them both that I not only had arrived, but was traveling fast.

Therefore it was with much pride and satisfaction, mingled with a few misgivings, that I drove away from the county fair in a brand-new shiny show-car.

It looked like a banker's car; soon it began to act like one. And, that there might be no doubt in anybody's mind as to whose car it was, I had my initials put on it the next day.

I was not a careful driver, and lessons in driving this car were expensive. I learned: (a) that if you put on the brakes and throw out the clutch, on an icy pavement, even though you are protected by skidless chains and non-skid tires, you are likely to turn round; cost of this lesson—eighty dollars; (b) that if a trolley-car is coming up the street and you are going at right angles to it, the trolley-car may not stop for you and you may stop for it; cost of this lesson—thirty dollars; (c) that if the law says you must not go faster than twenty miles an hour and you go thirty, it may cost you, as it did me, twenty-five dollars; (d) that batteries need water frequently and the crank case needs oil occasionally—fifty dollars; (e) that if you cut in ahead of a

Ford, and a laundry truck is in front, you won't hurt the truck, but you may hurt your car if you cannot stop instantly—twenty dollars; (f) that if you do not look where you are going on a dark street and an "El" pillar is in your way, you will probably hit the pillar; cost of this—ten dollars; (g) that if you do not signal the car behind you, it may hit you and ask you to pay the damage—twenty-five dollars. Truly, the first cost of this car was not the last.

Some of these catastrophes were covered by insurance and others were not; but altogether the bills of charges were climbing. And if to this were added the operating-costs, my car was an expensive luxury. Nevertheless, my social position was established; I was regarded as a leading citizen. I made no apologies to my fellow men, but I made many to my bank-account. And when I was told I was driving a "snappy-looking car," I agreed, nonchalantly, that I was.

III

Time was when the leading men of the community vied with one another as owners of houses. The mansions of an earlier day, with their mansard roofs and spacious outbuildings, are mute evidence of the race for prestige years ago. A man expressed himself and his tastes through his home and its surroundings. If he owned a span of horses and a few carriages and hired a coachman, his entire investment was not half that often covered by one car today. The upkeep was small and could be figured with reasonable certainty. The coachman got board and lodging and perhaps two dollars a day; now a chauffeur gets five dollars a day and meals wherever he happens to be.

The paramount ambition of the average man a few years ago was to own a home and have a bank-account. The ambition of the same man today is to own a car. While the desire for home-ownership is still strong, I believe people are giving less thought to the home and more to the car as an indicator of social position. The house stands still; only a chosen few can see the inside. But the car goes about; everybody sees it, and many observers know what it cost.

Given the choice of a fine home without a car and a modest one with a car, the latter will win. Real-estate men testify that the first question asked by the prospective buyer is about the garage. The house without a garage is a slow seller. While the country makes an appeal of its own, it has an added lure if it can be enjoyed through the

medium of the car, and many a man has moved from city to country in order to get away from the high cost of maintaining an automobile in the city. The whole scheme of domestic life centers about the motor-car.

Dangerous rivalries among friends and in families are created by the motor. If one member of a family makes a bit of money he must advertise it to the rest of the family and to the world by the purchase of a car. Or, if his social scale seems a bit below that of the rest of the family, he seeks to lift himself higher through the medium of a car. The result is a costly rivalry that brings the whole group into debt.

Among business men the same tendency may be found. If a good year has brought substantial profits, they are not laid aside in a sinking-fund for the lean years, but spent on a car. A short time ago we loaned a merchant money to expand his business. He increased his overhead considerably and was taking some risk in the venture. He had paid less than half on his note when suddenly one day he appeared in a new sedan. We know where his profits are going and we shall watch that man hereafter.

Lately I was called on the telephone by a credit company in New York, and was asked about the credit of a certain merchant. I inquired their reason for the question, and they told me that he was buying a seven-passenger car costing about \$1800. I had followed this man's career with some care. His account was frequently overdrawn. He was putting a lot of bad credits on his books. I knew he was barely making both ends meet. I advised against the credit; and when he came to me a few hours afterward and asked for a loan of \$250, I surmised the purpose and inquired about his car. He admitted that he was buying it. I asked him if he did not think a less expensive car would answer his purpose just as well. He took offense at this, and said that he had a big family and they too needed the air, and at any rate it was none of my business. I refused the loan. On my way to luncheon the next day I saw him driving his car. How he got it I do not know. I do know, however, that if he had bought a cheaper machine he would not have matched his rival. He must look prosperous even if he isn't.

Not only is the car a symbol of the social and business status of the owner, but its loss is a calamity. I have never known a man to give up an automobile once owned, except to buy a better one. The experience of the finance companies is that only an insignificant percentage of the cars financed by them are ever repossessed. In other words, the car stays sold, no matter what hardships may attend its keeping. It takes

courage of no mean order to confess to the world that you have had a motor and have lost it. Therefore the car is the last sacrifice to be offered on the altar of reverses. I know a man who did not have the price of his next month's commutation ticket and yet he kept his automobile.

There is a class of individuals who look upon the car, not only as a necessity in their life, but as a smoke-screen to hide their real position. As long as they drive a motor, they feel that their creditors will be satisfied to wait. To buy a new one is evidence that they are still able to carry on. A case in point is that of a New York business man who was on the verge of bankruptcy. For six months he had taken nothing from his business. He saw the inevitable end. He had a car that was almost new. I was called up one day by a bank and asked if this man was good for a thousand-dollar loan. I asked the purpose of the loan and they told me it was the balance on a new car. I knew his condition and told them frankly of it. Being refused this credit, he went to another dealer and finally succeeded, with but little cash, in trading in the old car for a new one. Inside of a few weeks the receiver took charge of his business.

A certain merchant whom I know made money during the war. He built a pretentious house. He bought a car. The readjustment period hit him very hard. For two or three years he has been living beyond his means. He has borrowed all that the banks would lend and then has paid them off by placing a second mortgage on his home. To the casual observer no change has come into this man's life. His wife drives to the same functions in the same car and they live in the same home, which is gradually being undermined by the false standard of living. Some day it must go under the hammer.

The most pathetic case that ever came under my observation was that of a Wall Street broker. He had the happy faculty of picking the winners, and made from fifty to a hundred thousand a year. He was generous. He lived well. One day his wife came to me and said they were in trouble and needed ten thousand dollars. Could I place a mortgage on the home? I inspected the place—the show place of the community. It had expensive furniture, sunken gardens, fountains, a refrigerating plant, servants. In the garage stood a special model of an expensive car. Beside it stood two other cars, both favorites with the well-to-do. I placed the mortgage. A few months afterward she came again and said everything had been swept away; even the cars had gone to the creditors. Her husband was in a sanitarium, a broken,

(Continued on page 16)

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Confessions of an Automobilst

(Continued from page 15)

nervous wreck. Could I make the mortgage twenty thousand? I made another inspection, and in the stall where the three stately cars had once stood was a Ford with a flat tire—mute evidence of the downfall of the family. Perhaps the cars had nothing to do with the calamity, and yet they typify the extravagance that once obtained, and that resulted in poverty too heartbreaking to understand.

IV

The ambition to own an automobile does not confine itself to the upper classes and those with substantial incomes, but reaches down into the "white-collar workers"—the clerks and salaried men on limited incomes. In my own bank fifty per cent of the force own cars and drive to work in them. I do not believe the middle classes are getting ahead as they once were. What formerly went into the bank now goes into the motor-car. The thought in the minds of many workers is not how much they can save, but how long it will be before they can have a motor. I had occasion not long ago to check up a number of automobiles on the time-payment plan with a New York company. We found that the owners were carpenters, masons, bricklayers, and so on, living in inaccessible suburban places, who used their cars—all new ones—to go to and from their work. Perhaps their investment is justified by the high wages they now earn, but time was when the humble bicycle or the trolley-car was good enough for them. Walking today is a lost art. Even my laundress comes to work in a taxi and goes home by the same route. No doubt I pay the bill. To go to the village shopping on foot is now a social error, even though the distance be but a few blocks.

We have heard much about the saturation point in the automobile industry—the time when the public will be "fed up" on cars and will not buy the output of the factories. No man knows when this time will come, but I am of the opinion that it is drawing near, for the class of buyers that is now purchasing cars is in the lower strata of business life. Go through the outskirts of any city and look at the number of cars left exposed out-of-doors in the tenement yards.

True, many automobiles are now sold to those who can afford them, but the competition is so keen and the driving force behind the dealers is so insistent that many who would not ordinarily buy are persuaded that they should do so. I use our own town as typical of many others. During a period of about four weeks I saw the following sales made: (a) a \$1,500 touring car to a

small tailor, who had no place to keep it, had nothing to pay down on it,—except an old Ford in exchange,—and who could not in the course of two years pay a note of seventy-five dollars at his bank; (b) a similar car to the policeman on the post, who went in debt for half his monthly salary for a year in order to pay for it; (c) a sedan selling for about \$2,000 to a restaurant keeper who had just gone into business for himself. He had saved \$1,000, purchased a place for \$5,000, borrowed \$2,500 from the bank, and gave notes for the balance in order to take possession. After the first season, with a hard winter before him, this man deliberately—or through the efforts of a good salesman—plunged into debt for \$1,200. The result is that all he earns must be applied to his debts, and he now has no margin of safety at all. Before, he was sure of his ground and free from anxiety. Now, he must not only work, but he must also worry.

Some will blame the dealers for sharp finance companies for accepting any selling-practices; others will blame the risk that is offered; still others will blame the buyer for being an easy mark.

But, whatever the reason, the result is the same—debt, debt, debt, for a costly article that depreciates very rapidly and has an insatiable appetite for money. To be sure, the money goes out in small lots, but the toll is large if it be reckoned for a year, and this the average man has not the courage to face; or, facing it, he has not the courage to quit. He must keep his car.

The avalanche of automobile-owners is not a good omen. It signifies that the people are living either up to their means or beyond them; that the old margin of safety no longer obtains; that the expense account must constantly increase. The race to outdo the other fellow is a mad race indeed. The ease with which a car can be purchased on the time-payment plan is all too easy a road to ruin. The habit of thrift can never be acquired through so wasteful a medium as an automobile. Instead, the habit of spending must be acquired, for with the constant demand for fuel, oil, and repairs, together with the heavy depreciation, the automobile stands unique as the most extravagant piece of machinery ever devised for the pleasure of man.

But—

I still drive one myself. I must keep up with the procession, even though it has taken four cars to do so.—*Atlantic Monthly*.

This account is so small you've probably overlooked it, but it saves bookkeeping to get these small balances off our books. Don't bother to write a check or get a money order—just enclose coins for the amount due in this envelope, fill in your name, address and amount—seal the flap and return in the large envelope attached. **THANKS!**

Name _____

Address _____

Amount Enclosed: \$ _____ cents

Collect Your Small Balances —With Small Expense

Here's an inexpensive method for the collection of small balances. You know how costly and exasperating those small balances are! "Too small," the customer thinks, "too much bother to write a check for a few cents."

So you have to send statement after statement—your bookkeepers have to

carry these small balances over month after month—until the cost of collection exceeds their value!

Make it easy for your customers to pay small amounts—send one of these reminder-envelopes with each small balance statement and eliminate collection worry.

Price \$4.75 per 1000

Order from the National Office

The President's Message

"What saddened me on this trip was the fact that our Service Division membership generally, not only failed to know what the National stood for, but many were actually unwilling members thereof, and feared the National as an organization whose activities were likely to result in their own destruction. There was an astonishing vagueness about the National even in the organized towns not confined to the Service Division membership. I do not believe I met three individuals on the whole trip who could sum up what the National stood for, nor give any adequate picture of its structure or aims—to say nothing of its past accomplishments. If this condition is as general in the United States as I feel it to be, I can only conclude that we have labored short-sightedly, and with great lack of thoroughness. It will be my purpose in succeeding issues, to discuss these problems with a view of contributing my bit toward their solution."

The above is the last paragraph of my message published last month.

Probably I fully appreciate what our National has accomplished so far. Please do not construe anything I have said or will say as unfavorable comment on our past accomplishments. But we are all desirous to accomplish more. We are all conscious that our National does not yet function as it some day will and must.

If I am right in the above conclusions, they reveal certain faults we must correct if we are to make progress. We must permit no vague conception of the purpose of our National, and we must see to it that every member has a definite visualization of its structure.

Let us first, then, try to put into a sentence or at least a short paragraph, the real purpose of our work. To me the following is a true and comprehensive expression thereof:

The Retail Credit Men's National Association exists that retail credit may be for every merchant a profitable implement of volume, for the buying public an implement of thrift and accumulation as well as convenience.

If that truly expresses our purpose, then we must conclude that credit is a good thing—an implement of business capable of producing a profit for the merchant, capable of becoming an implement of thrift and accumulation to the buying public. Since all real credit men and all real merchants realize that the scientific extension of credit by a merchant produces a profit, and since economists generally attribute in large measure our high standard of living in America to our use of credit as an implement of business, I won't stop to argue that credit is a good thing, but

will at once move on to the structure necessary to promote these desirable results.

This structure must function in three distinct fields—the local, the regional, the national.

Why—and how? Space this month will only permit discussion of one of the two phases of the local structure—the Credit Reporting Bureau.



RALPH W. WATSON

The farther I go into our National Association work, the more I realize the importance of our reporting bureaus in a local sense, and of our Credit Service Exchange Division in a national sense.

No merchant can use credit as he should, unless he is served by the best of reporting. We are far indeed from having furnished the merchant with this facility. I say WE and I mean that. An adequate reporting service is the first requisite to intelligent credit granting, and it is our National Association's job to see that every merchant in every community has it. In every part of America, communities of every size are trying to use credit as an implement of increased volume, and to protect themselves from loss by operating a reporting bureau. They are taking the first logical step. But in a general sense the reporting business is new. Little is known of what should be accomplished, nor how to accomplish it. Generally, then, a manager is chosen because he commands the liking and respect of his community rather than for his knowledge of the business or his fitness to develop it. The new bureau is further handicapped because the merchants themselves neither ask nor give infor-

mation as they should, because they lack confidence in each other, and because they expect credit information at a price far too low.

Bureaus so organized and supported cannot adequately serve their own community nor yet the neighboring or distant community that sends to them for information. Nor is the buying public served, for it is just as true that the good credit risk is entitled to the recognition of a good report, as that the unworthy should be shut off by compiled derogatory information.

The first requirement is an efficient bureau manager. Such a man must have all the character of a first-class credit risk. He must be so honest that no man dare question his integrity; have courage enough to do right in face, if need be, of the criticisms of those he serves; be tactful and tireless; be an organizer, that he may keep the support of his merchants, but more, that he may efficiently conduct his office. He should know the reporting business, but if the other qualities be there, he can learn the business. The personal fitness is immeasurably more important.

Such a man, when found, is worthy of his hire. He cannot be expected to work for a clerk's salary, nor to do menial work. He must be allowed and encouraged to hold his head high in the community.

The second requirement is sufficient financial support. No merchant anywhere pays too much for credit information. Every merchant should have a report on every new account he opens, and he should pay never less than fifty cents for it. Probably seventy-five cents would be a better minimum, for the reason that a cheaper one will lack essential completeness. If all the credit-granting merchants in a community got a credit report on every new account and paid seventy-five cents for it, the resulting budget would satisfactorily serve the community.

The third requirement is realization by every credit-granting merchant in the community that as he gives to the bureau, so will he receive. The bureau should have, among other things, the composite credit information in the ledgers of all the merchants. All this information should be available to any merchant, so as one gives, so will he receive.

If each merchant will religiously do five things, he will probably have fulfilled the bulk of his duty to his bureau and his fellow merchant:

1. *Get a credit report on every new account before opening.*
2. *Report promptly to the bureau every new account opened, with a duplicate of the written application for credit.*
3. *Report to the bureau every account ninety days past due.*
4. *Report to the bureau every account closed for cause.*
5. *Report to the bureau every bad check.*

A bureau with a competent manager, sufficient finance, and the co-operation and understanding of its local merchants is in a position to exchange with other bureaus what we may call a "standard report." So very few cities can today write one!

I say it is National Association business, to find capable bureau men, to educate them to run their bureaus efficiently, and to energetically go about the education of the merchants so they will furnish the necessary funds and the understanding and co-operation necessary to build such a bureau. Nor must our National stop until such bureaus, whether merchant or privately owned, function in every community in America;—function not only in a local way but as members of the Credit Service Exchange Division in a national way.

This done, we shall be on the high road to our ultimate destination—that point at which retail credit shall be an implement of profit to the retail merchant—and not only a convenience but an implement of thrift and accumulation to our buying public.

Now let our Credit Service Exchange Division members each realize that no one of them can stand alone. That alone, even their local development will be far short of its possibilities. That both their duty and opportunity is of greater than local scope. That as our National grows in membership, so does it grow in usefulness. That the Retail Credit Men's National Association is their best friend and indispensable to them.

Let them belong to our National Association in spirit as well as in name, and do their part for its upbuilding, as we must and will do for theirs!

Its neither quite right nor quite fair
To make Heller play solitaire.

If each fellow works hard
And deals him one card
He'll make "a full house" of two pair.

Don't Accept Worthless Checks!

C. Z. Coffin, Manager Merchants Association of Kansas City, Mo.

Every time a bank check is offered you for acceptance in your store your good judgment is called upon for a "rapid fire" decision. "Is the check good or bad?" The vast majority of checks given in retail stores are good, but it is the small minority that must be continually guarded against. They are the checks that mean a total loss to your store and consume hours of time and worry in attempted collections.

A more careful and intelligent scrutiny of checks at the time they are tendered would probably lead to an appreciable reduction of the check loss. The retail stores of every city lose thousands of dollars annually by accepting worthless checks.

Will you help plug this leak by giving your attention to the following recommendations and by helping put them into effect?

Memorize These Twelve Important Points!

1. Examine check for correctness of form.
2. Carefully observe the makers of checks and try to remember them.
3. Get address, telephone number and references. If possible, ascertain from bank if check is good.
4. Note customers' manner and method of approach. Do they try to rush you? Do they buy too easily?
5. Use caution when a cash balance is asked for on a purchase of goods to be delivered, or when an unknown customer wants to take the goods purchased by a check.
6. Do not depend too much on the possession of a bank pass book, and regard a "certified" personal check with extreme caution.
7. It is entirely possible for crooks to have good-looking bogus checks printed, also to use modern check-writers, rubber stamps and typewriters.
8. Exercise care if the purchaser talks too much or too little or puts up an insulted manner when questioned. Beware of strangers' checks offered on holidays or Saturday afternoons.
9. Be sure the answers to your second questions regarding addresses, initials, names, etc., tally with the first answers given.
10. What about the handwriting on the front and back of a second party check? If the writing is the same, **LOOK OUT!**
11. Take people you suspect to your Credit Manager's office.
12. Try to develop a "nose for criminals," but always be courteous, remembering that more than 95% of all checks offered are good.

Florida!

Florida!

Florida!

Records obtained from public officials, railway clerks and general publicity in newspapers in the State of Florida indicate that masses of humanity are flowing into this state by the thousands, coming from every conceivable point in the United States, bringing with them, affixed to automobiles, their household goods, cooking utensils and whatnot. These people, all of them, have left records for paying their bills behind them. Some are good, and some are bad, and many are dangerous. They are here in such quantities that the commercial interests of this state are unable to combat with the great influx, many of whom already are seeking credit.

This advertisement is appearing in the Credit World in the interest of good credit. The Associated Credit Bureaus of Florida, representing all of the credit bureaus in the state, which in turn represent many thousands of mercantile interests, are appealing to the good merchants elsewhere to give us first-hand information concerning the "undesirable" credit risk who left your town headed for Florida.

We need this information very badly and request that you write us immediately, giving a short antecedent history of the person and where you think he may be located. The sense of your letter will be broadcast to all credit agencies in the State of Florida for their own protection, and, if the subject is located in any of the towns, the office locating will deal direct with the person who sends us the information. We will thank you very much to write us about anybody you know having left home — headed for Florida.

THE ASSOCIATED CREDIT BUREAUS OF FLORIDA

A. E. Dickson, Secretary

P. O. Box 193 Orlando, Fla.

Collection Letters

By Edward William Dolch, A. M.

1. SPECIAL CAUTIONS

A. *Be careful to avoid the least suggestion that the other man is careless, discourteous, or evading payment.*

It is almost inconceivable how sensitive many persons are about unpaid bills. In general the more honest a person is and the more anxious he is to settle all his obligations, the more sensitive he will be. The readers of collection letters are very prone therefore to take offense at the slightest word which might be construed as a reflection upon their character. It is not enough that the letter contain nothing by which anyone *ought* to be offended; it must contain nothing by which anyone *can* be offended. To keep the readers' point of view in this class of letters is harder than in any other, but it must be done if friendships are to be retained unimpaired.

B. *Don't use the old, insincere excuse, "must have been overlooked," or the transparent request for correction if there has been an error in the statement.*

It is almost universally thought to be the courteous thing to assume that unpaid bills are the result of oversight. This may be true with those persons who have few business transactions and with men who use old-fashioned and slipshod methods. It is surely seldom true of the modern business man, and by him it is very likely to be thought an insincere excuse. It is likewise unnecessary, as it is sufficient for the writer merely to say he wishes to call attention to the account.

When a statement contains many items or shows partial payments and allowances and deductions, etc., it is perfectly proper to ask that a check be made with the customer's books. But this request for correction is likewise used where it is obviously unnecessary and clearly a mere cloak to hide a dun. In such a case its use is insincere and will produce an unpleasant reaction.

C. *Don't try to disguise your purpose with a "fake" beginning or the appearance of a sales letter.*

A sure way to irritate a customer is to get his interest and attention by beginning with a story or a sales appeal and then to reveal that he has simply been tricked into reading a collection letter. Even if the overdue account is merely mentioned in the last sentence,

or even in a postscript, the reader is certain to feel that collecting was the main purpose of the letter and that the rest was deception. As explained elsewhere, sales material may well be used, but only after the first sentence or two have frankly mentioned the desire for a remittance.

D. *Don't "beg" for your money.*

1. *To ask for it as a favor weakens your position to expect it as a right.*

The major assumption in all collections is that the customer made a definite and positive agreement to pay by a certain date and that after that date he is in the position of having violated a definite promise. From this point of view the house has the superior position and should do nothing to weaken it. To ask for the money as a favor practically admits that the customer may keep it still longer if he is so minded.

2. *To say you are in need of the money suggests that you are short of capital.*

Every business man, no matter how much his capital, would be financially embarrassed if too great a portion of it were tied up in accounts receivable. But it does not add to the customer's confidence in the firm's security to emphasize this fact. One can say that of course everybody wants to make rapid turnover of capital, or that all concerns need their funds in their business. The correspondent should be careful, however, not to convey the idea that his house is any more needy in this respect than others.

3. *To give special reasons for the payment of the account "at this time" suggests that the debtor can be slow at other times.*

The collector may get his money by pleading that he is making heavy purchases or installing special improvements and the like, but such a method tends to break down the morale of collections. It tacitly admits that so long as there is no specially urgent reason for the firm's having its money, the customer can take his own time about sending it in.

E. *For the same reasons, do not offer special discounts, premiums, etc.*

It is true that on instalment contracts premiums will bring in delinquent payments and on open accounts many men will, if offered a discount, pay a bill which would otherwise be secured only

after a long period of continuous pressure. In principle, however, such methods are wrong because they weaken the creditor's position both at the time and on any future transactions. Premiums and discounts for the payment of money *before it falls due* are of course another matter altogether.

F. *Let the last sentence urge prompt action, but do not try to "rush" a man into sending money.*

Of late years there has been in collection methods a great deal of this "just pin a check to this letter," "do it today," and the like, copied, of course, from the methods of closing sales letters. This method may get the money in some cases but it is very likely to irritate the man who pays bills, not because someone hustles him into doing so, but because he honestly desires to meet his debts. Instead, the close of a collection letter should very courteously but very definitely ask for a settlement or a statement as to when payment may be expected. To put this in the form of a direct question, helps very much to place on the reader the responsibility for a reply.

G. *Don't sign yourself "Collection Manager."*

To many persons the title, "Collection Manager," at the bottom of a letter means that their account has been placed among the "bad debts." It suggests to others that they have been turned over to the tender mercies of a "dunning specialist." Just because of these unpleasant suggestions this title should never be used. The words "Credit Manager" are much more significant, because they suggest that the customer is dealing with the man who will control his future business standing. Even a larger title, such as "Manager," is better, because, if the customer feels he is dealing direct with an important official, he is much more likely to give the matter attention.

H. *Humor gets attention, but brings the danger of making the bill seem a joke.*

Throughout this discussion it has been emphasized that the customer should at all times regard an unpaid bill as a serious responsibility, something that will weigh upon his mind until it is taken care of. From this point of view it can be seen that humorous collection letters may very well do more harm than good. There is a place, it is true, for a little touch of friendly levity now

and then, and in fact some skilled writers can use humor with good effect as a cloak to very stern statements. It is safest, however, not to use humor at all in connection with collections.

1. Don't use harsh measures with a man just because you expect to do no further business with him.

A good business man will take care, so far as is in his power, to give offense to no one, no matter how insignificant or powerless the person may seem. The weak of today are often the strong of tomorrow. It is unfortunately true that our enemies give us more free advertising than do our friends, and they keep it up as long as they have breath. Therefore unfailing courtesy at all times and toward all persons should be the rule for the writer of collection letters.

(To be continued in next issue)

Who Is To Blame?

Bulletins from Nashville, Tennessee, indicate sixty personal bankruptcy petitions were filed within two weeks with liabilities of \$66,000.00 and carpenters, switchmen, repair men, laborers, electricians, etc., as owing the largest part of this indebtedness.

Who is to blame for this condition? No one but the merchant who extends credit on a gamble—the retailer who does not co-operate on credit extension encourages overbuying which leads to bankruptcy and does more harm to the credit morale of the country than all the so-called crooks and deadbeats ever did. The losers in 99% of these cases deserve no sympathy whatsoever.

We want twenty thousand you know
When we to Los Angeles go;
And Heller says June
Will roll around soon—
He needs members like bakers knead dough.

Double Your Credit Sales in 1926!

You will receive a generous reward to fill that most strategic sales position in your organization with a super-salesman plus the qualification for eternal vigilance.

There is an aggressive firm which will receive an increased profit of from One Hundred Thousand to a Million Dollars next year by investing Six Thousand Dollars in this Credit Manager's services.

Address C-42, Care of
THE CREDIT WORLD

I'm A Credit Man

The business of life's but a wonderful game,
And the players are changing, but the rules are the same;
And in this great game, the points that are won
Are mostly all counted by the things that you've done,
But not so for me, for the record I make
Shows only of entries that record my mistakes,
While the record of those we have sold and who pay,
Is filed in the vault and never sees day,
And at the end of the year it goes to the Boss,
"Jones had thirteen thousand dollars charged to profit & loss"
While the orders I've checked on accounts that are paid
Are filed in the "Dead File" as still as the grave.
There is never a record of points that I've won,
But only that list of the things left undone,
And I'd like so to change it, and will if I can,
But fear that I can't, I'm just the firm's Credit Man.

And sometimes I envy our head man in sales,
He gets 'em in bunches and batches and bales,
And each day he writes a report to the Boss,
Which shows lots of profit and never a loss;
While in the same mail, in a form so condensed,
Is a notice of failure that will pay thirty cents,
And of twelve thousand orders I checked out last fall,
It seems this one failure spoils and overweighs all,
For I only get credit for accounts when they bust,
And while the salesman is praised when he makes a good sale,
I am the "Goat" whenever one fails.
And while our Accountant adds up my mistakes,
And reports them together with the sales that he makes,
I wonder, yes, wonder, what tale would unfold,
Should the Boss only get records of goods left unsold.
And do you suppose he would feel good or not
With a record of business our competitor got?
And I would like so to change this,
And will if I can, but I'm only the firm's Credit Man.

But the Bible I read and believe to be true,
Affords me great comfort, and I'll tell it to you,
For in it I read, it will soon come to pass,
That the last shall be first and the first shall be last,
That some day I'm sure, when we go to our fate,
And perhaps meet together at St. Peter's gate,
I smile and imagine St. Peter will say,
I'm so glad to see you both here today,
And as the crack salesman makes a move to the gate,
"My dear sir, this is one time that you'll have to wait;
On Earth you got credit for goods which you sold,
But there's nothing of that in the books made of Gold,
And you never gave credit to an insolvent man.
In order to save him as a friend should a friend,
And you were never charged with things left undone
While you lived on the Earth, but you are here, my son,
And while you were gloating over thousands of sales
Over there is a man who helped men who failed,
And you drew a big bonus and lived at your ease,
While our friend over there lived on crackers and cheese,
And what time he spent away from his books,
He spent in the country trying to pen up the crooks,
And I'm going to see that on ambrosia he feeds,
For this man has had all the HELL that he needs,
And, while I honor the Salesman as much as I can,
You see this poor fellow is the firm's Credit Man.

—Vernon Hall

Sioux City Now 100% National!

A year's membership in the Retail Credit Men's National Association is the Christmas present of the Sioux City, Ia., Credit Service Exchange to each of its members engaged in mercantile lines.

The Sioux City Exchange regards "going 100 per cent for the National" as a progressive step ahead that will bring back benefits to its members far in excess of the outlay necessary to give national affiliation to all of its members.

The gift of the Exchange to its members is that of membership for the year 1926. The dues for 1927 are to be added to the regular dues of the Exchange.

The history of the Sioux City Exchange, from its very inception, has been one of steady progress and development. When it was organized, back in 1903, as a privately owned concern, under the name of the Credit Reference Company, it had a membership or clientele of perhaps fifty concerns. The original owner was John F. McMurray.

W.C. Slotsky, who now is secretary and manager of the Exchange, began his work with the Exchange in 1908. He worked in various capacities until 1913, when he assumed active management and bought out the owner's interest.

In 1918, when the wave of sentiment in favor of merchant-owned bureaus swept the country, a movement for a merchant-owned bureau was started in Sioux City. It had not gained much headway, however, until an agreement was reached between Mr. Slotsky and H. F. Norris and B. W. Prusiner, leaders in the movement, whereby Mr. Slotsky sold the files and equipment of his bureau to the merchants for \$10,000.

Arrangements for payment for the bureau were peculiar and indicative of the remarkable success attained by the bureau since that time. The merchants did not put any actual cash into the proposition but made payment with a series of notes. Within a period of five years, the notes were all paid off by the earnings of the bureau and a large amount of new equipment had been put in and paid for. This remarkable showing was made possible by the fact that the membership in the exchange has been more than doubled since 1918 and the revenue from reports has tripled.

Where the Exchange started out with a membership of about fifty, it now has about 400. The membership in 1918, when the change was made, was about 200.

In 1921 the Associated Retailers Collection Bureau was organized as a subsidiary of the Credit Service Exchange. The sum of \$3,500 was borrowed to start off the new organization. Since that time \$2,000 worth of additional equipment has been put in by the Collection Department. The whole amount was cleared up by the department within two years. Now the Collection Bureau is making the office and the members a handsome profit. A dividend of four per cent was paid last year on all business done. Thus a firm which turned over its accounts for collection received an extra dividend of \$4.00 for each \$100.00 that the bureau collected for that member. In 1924, one member received a check for \$650.00 as a dividend. Such a showing is possible only because of the co-

operative attitude of the Sioux City merchants, who make it a rule to turn over accounts to the bureau while these accounts still are collectible. The practice is that all accounts which have run more than ninety days, with few exceptions, are turned over to the bureau for collection.

In 1923, the Credit Reference Company changed its name to the present one, the Credit Service Exchange. The files were completely reorganized by the installation of the most modern system and the latest type of equipment. The Russell Index system now is used. The old method of rating by using the key symbols for "prompt," "medium," "slow" and "require cash" was discarded and the method which shows the actual time taken to pay each account was adopted. This system uses more than twenty symbols and gives an accurate record of the credit dealings of each customer.

A "credit reference book" has been published each year since 1903. The first book published had ratings on 3,000 persons. The 1926 book will have accurate credit ratings on 35,000 persons, which, in a city of 85,000 persons, is a very high ratio of those who may be considered as purchasers. The 1926 book will carry a new feature, that of a professional men's special key to ratings.

Credit for making the Sioux City Exchange 100 per cent National is due largely to the far-sightedness of the board of directors and officers of the Exchange, and to the active co-operation of the Retail Credit Men's National Association. The members of the board of directors felt, in taking the step, that the National Association

(Continued on page 22)



Officers of the Sioux City Credit Exchange: W. C. Slotsky, Secretary and Manager; Hyman Fishgall, Vice President; E. B. Quilleash, Treasurer; F. T. "Bud" Sharts, President

exerts a great beneficial influence and that affiliation with the National and the regular receiving of the "Credit World" will mean much to the Sioux City merchants.

Officers of the Credit Service Exchange are Forrest T. Sharts, President; Hyman Fishgall, Vice President; E. B. Quilleash, Treasurer, and W. C. Slotsky, Secretary and Manager. The board of directors is made up of the officers and the following other members: Dave Davidson, Charles Harstad, R. J. Allen, H. F. Norris and Howard Martin. The same officers and directors guide the destinies of the Associated Retailers.

Officers of the Sioux City Retail Credit Men's Association are: H. P. Austin, President; Wayne Cummins, Vice President, and Ella Christensen, Secretary and Treasurer.

Minneapolis Association Passes Resolutions on Installment Selling

The Following Letter Has Been Sent to All Members of The Retail Credit Men's Ass'n of This City To the Members of the Retail Credit Association of Minneapolis:

The present trend of the American people to use their credit extensively—to spend their salaries before they are earned, and the inclination of merchants to reduce the standards of credit all over the country, suggests the possibility of a collapse in the present splendid credit conditions in Minneapolis.

In many cities merchants who have not been farsighted have treated credit as a commodity that could be bartered rather than as a valuable and important channel for doing business. They have lost sight of the fact that where salaried people spend next month's earnings in advance, they cannot buy for cash or otherwise with the earnings they receive next month. In other words, when you take all merchants as a whole they have simply sold their wares a month previous to the time they would ordinarily make the sales, and for this advantage they must carry the account 30, 60 or 90 days.

In practically all cases where merchants have seen fit to advertise additional terms or additional dating in an endeavor to gain a temporary advantage, it has usually proved a boomerang because competition has met the terms advertised and eventually all merchants were forced to give additional terms and additional dating with no advantage to any of them, but with an additional expensive burden to all of them.

In order to fortify against what seemed inevitable and to forestall the possibility of a collapse in credit conditions in Minneapolis, the following resolution was passed by the members of the Minneapolis Retailers Association:

"Be it resolved that no member of the Minneapolis Retailers Association will advertise for sale merchandise that is not regularly sold on installment—that is consumed or cannot be re-possessed, with extended terms or extended dating, that is, that no member of the Minneapolis Retailers Association will advertise additional credit terms or any additional extension of credit whatsoever other than the regular credit terms, being 30 days or payment due the 10th of month following date of purchase."

The danger of loose credit buying lies not so much in the system itself as it does in the tendency to encourage consumers to overbuy, resulting in a pyramiding of purchases and a spreading of payments in excess of the buyers ability to cope with, in the event of any sort of financial reverses, due either to illness, unemployment or any other form of curtailment in earning power.

When long terms were limited to a comparatively few articles, little was heard of the potential dangers in such a system. Now, however, that the system has spread to include virtually every form of luxury and necessity the bankers and business men are showing an increasing amount of interest in the subject. While the number who oppose the scheme on purely economic grounds is increasing, the number of users of long terms as an inducement to increase volume is also increasing.

By developing and improving on the most practical ideas and methods obtained from all parts of the country,

Minneapolis has secured a position of favorable prominence for retail credit conditions that is the envy of large cities through the country. Credit in Minneapolis has heretofore been recognized as a convenience and has not been extended as a necessity, because we believe that is the only way it can be used as a safe stimulus to increase retail business and because we know that the evils of competition in credit are numerous.

Therefore, since the resolution passed by the Minneapolis Retailers Association has received the approval and endorsement of our Board of Directors, we believe it to be worthy of the hearty commendation and endorsement of this entire Association.


Very truly yours,
Retail Credit Association of Minneapolis, Board of Directors.

Missoula, Montana, 100%

The Retail Credit Bureau of Missoula, Montana, under the management of Mr. E. E. McIntyre has just affiliated its entire membership with the National Association. Mr. McIntyre feels National affiliation will promote unity of action and develop credit morale to an extent never known before. We are glad to welcome the Retailers of Missoula.

You fellows are awfully tame
In playing our membership game.
As you know well enough
We are after big stuff;
Why don't you kick in with a name?

Just As We Go To Press

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FA-676 33 COLLECT WL 4 EXTRA WENATCHEE, WASH. 11 DAVID J. WOODLOCK THE RETAIL CREDIT MENS NATIONAL ASSN. EQUITABLE BLDG. ST. LOUIS, MO. VOTED TO CHANGE BY LAWS TO INCLUDE NATIONAL MEMBERSHIP IN LOCAL DUES WHICH WILL MEAN ABOUT TWENTY MORE MEMBERS FOR THE NATIONAL AND MAKE US ONE HUNDRED PERCENT NATIONAL. WENATCHEE BUSINESS MENS ASSOCIATION G. A. AUSTIN, SECT.					

Second Conference on Co-operation

*Committees of the Retail Credit Men's National Association
and the National Association of Credit Men*

The conference of committees from the Retail Credit Men's National Association and the National Association of Credit Men has grown out of a realization of an interlocking of interests between the wholesaler and the retailer. While economic activity has become complex and the work of credit managers in certain respects has become specialized, the committees of the two associations discern nevertheless an interdependence between the retail and wholesale credit executive that can be developed to the advantage of both through co-operative action in the broad field of credit granting.

The two committees referred to in the foregoing met in conference at a luncheon at the Drug Club, 100 William Street, New York, on Thursday, November 5, 1925. Those present from the retail association were:

W. J. Taylor, chairman of the conference

J. R. Hewitt
Irving C. Brown
Justin H. Edgerton
Edward H. Manahan

and from the wholesale association:

J. H. Tregoe
Rodman Gilder
Dr. Frank A. Fall
Frank G. Hathaway
John W. H. Ross
Marshall D. Beuick

The conference expressed the belief that the two associations should work together more closely than ever in order that the work and position of wholesale credit managers and retail credit managers might be advanced in recognition by the business world.

Referring to the declarations of the previous conference, the representatives of the two associations decided that—

1st—The officials of the local units of the National Association of Credit Men will be asked to appoint committees of from 3 to 5 persons to co-operate with the retail organizations and vice versa. They shall confer for mutual co-operation and arrange joint meetings nationally. The executive officers of the two organizations shall be requested to see to it that this committee procedure be adhered to.

2nd—The conference is of the opinion that publicity will play a large part in this co-operative work. In this connection, the edi-

tor of *Credit Monthly* was requested to publish an article to cover the scope and work of the Retail Credit Men's National Association. Furthermore, the editor of *Credit World* was asked to publish a similar article regarding the work of the wholesale body. Such interchange of publicity should be carried still further to the exchange of items between the two associations. Furthermore, the two executive officers of the associations should be requested to work out a basis for interchange of general publicity.

3rd—The conference was of the opinion that the time was ripe and that it was fitting for the retail and wholesale associations to proclaim the great value to the credit system of the country which has been supplied by the Federal Reserve System and that the two associations should declare themselves in favor of re-chartering this national financial institution. In this connection the conference passed the following declaration regarding the Federal Reserve banking system:

The committee on co-operation was thoroughly convinced that an economic organization for the proper development and uses of our credit powers was not possible until a scientific financial system had been installed. It approves of the Federal Reserve Act that has made possible the creation of a strong financial system.

There is not a complete appreciation of the restraint and the encouragement inherent in the Federal Reserve System for the proper control of our credit facilities. The functioning of the reserve system encourages commerce when the business barometer indicates fair weather and discourages inflation when storms are brewing.

It is not an idle boast to say that the Federal Reserve System has proved the most co-operative and scientific financial system of modern history; consequently, the entire country should recognize that the capitalization of our possibilities and the increase of our wealth and capital are bound up in its integrity and permanency.

The administration of the System has been free from politics. Its administrators have manifested a sincere desire to

serve the public. In fact, we can discover no feature in the System's development that fails to inspire confidence.

The charter period of the Federal Reserve Banks is now more than one-half up. It is highly proper, in the opinion of the committee to demand the re-chartering of the System for a period of years that will free industry and banking for a long time from an anxiety of losing the System. It deserves the permanency of an institution. It is the very heart of our economic organization; and we hope that this sentiment may influence those who have power to grant a new charter. This step should be taken in advance of the expiration of the first charter so that all apprehension for the future of the System may be dispelled.

The conference was in favor of continuing the interchange of representatives on the important committees of the two associations. At present there are represented on the National Bankruptcy Law Committee, Mr. Edgerton; on the Banking and Currency Committee, Mr. Morgan; on the Credit Co-operative Methods Committee, Mr. Auerbach, Mr. Butler and Mr. Stanley Williams.

The conference was of the opinion that both organizations were obligated to function on a high plane largely in view of the fact that they are the only organizations for the defense of receivables.

The conference agreed that the broader question of credit should be upheld and that the credit man should not permit himself to drop into the position of a credit mechanic. Having noted the advances that have occurred in this direction, the conference expressed the belief that one of the principal purposes of the organizations should be to set forth with decided emphasis the important professional service rendered by the credit man.

The conference believed that the subordination of credit mechanics, however important, to how credit should be used commercially and individually was one of the most important functions of the two associations. Humanizing the work of the two associations was pointed to as an ideal that should be sought in the new spirit of the age which makes for a broad grasp of great questions and keeps men from becoming mere mechanics.

"Answering Yours of Recent Date"

(Continued from page 8)

range for a settlement amicably"; "liquidate" in the phrase, "liquidate the debt"; and "repudiate" in the phrase, "repudiate the payment of an account," savor of fine writing. The correspondent is using the diction of his office instead of that adapted to a man who does not pay his account and who is often an ignorant and poor person.

Since it is a poor physician who makes a diagnosis of an illness and does not prescribe a remedy, it seems best to make a general recommendation for letters used in the conduct of the work of credit men's associations. Such letters should be "short and sweet." To give them these qualities, a correspondent must know before he begins dictating what he wants his reader to feel, think, or do when the reader has finished. In other words, a correspondent must plan his letters. Second, he must phrase the central thought of his letter in a single sentence before he begins to dictate and know what tone will work in harmony with the message of the letter in accomplishing the desired purpose of his letter.

The difference between the short letter and the letter which is "short and sweet" is illustrated by the following letters. The first is short and unequivocal in its nature. Such words as "demanding," "garnishment proceedings," are harsh words. "In order to avoid clerical work" is a selfish motivation for the action recommended for the reader to take.

The First Letter

Date.

(The Debtor)

We have this account for collection from (the creditor) amounting to \$—, on which they are demanding payment.

This company expects its employees to pay its bills promptly; therefore, we suggest you make arrangements to pay in order to avoid the clerical work entailed in garnishment proceedings.

—The Company.

The Second Letter

The second letter is not so short, but perhaps it is as short as it can be without losing "sweetness." Since at least half of the purpose of every letter is to build good-will, conciseness must take the good-will building feature into consideration.

We cannot believe that your promise to pay is worthless; although we have written you within the last two weeks about an account you owe one

of our members. We are again writing you either to make payment, or explain your circumstances to your creditor.

The courtesy of a charge account is practically the same as being granted the loan of money to make your purchases, because you have received the equivalent of money.

Unless we receive word that you have done one of these two things within the next five days, we shall enter your delinquency on your master-card in our files. This action will result in your being refused credit, as no merchant will trust a person who does not take proper care of his obligations.

We have tried to help you to protect your credit rating and believe you will agree that we have handled your account in a fair and just manner. This is our last letter to you about this bill. Should refusal of credit prove embarrassing to you later, haven't you but yourself to blame?

Conciseness is the result of a clearly defined purpose, carefully laid out plan, elimination of hackneyed expressions and pretentious diction. It is compactness of style.

STATEMENT

Of the Ownership, Management, Circulation, etc., Required by the Act of Congress of August 24, 1912,

Of The Credit World published monthly at St. Louis, Mo., for October 1, 1925.

State of Missouri }
City of St. Louis } ss.

Before me, a Notary Public in and for the State and county aforesaid, personally appeared David J. Woodlock, who, having been duly sworn according to law, deposes and says that he is the Editor of the Credit World and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations, printed in the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, The Retail Credit Men's National Association, 606 Equitable Bldg., St. Louis, Mo. Editor, D. J. Woodlock, 606 Equitable Bldg., St. Louis, Mo. Managing Editor, D. J. Woodlock, 606 Equitable Bldg., St. Louis, Mo. Business Manager, D. J. Woodlock, 606 Equitable Bldg., St. Louis, Mo.

2. That the owner is: The Retail Credit Men's National Association, a corporation organized not for profit.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: Ralph W. Watson, Pres., Spokane, Wash. E. B. Heller, First V-P., St. Louis, Mo. Leop. L. Meyer, Sec. V-P., Houston, Texas. David J. Woodlock Sec.-Treas., St. Louis, Mo.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

D. J. Woodlock
Manager and Publisher.

Sworn to and subscribed before me this 1 day of Oct., 1925.

[Seal] Clara S. Kiehl,
Notary Public.

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